MONTHLY NEWS BULLETIN
of the
DIVISION OF SIMPLIFIED PRACTICE
DEPARTMENT OF COMMERCE
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November 15, 1926. No.20.

NOTICE: Acting upon the request of the Chief Coordinator of the Bureau of the Budget, and beginning with this issue, the Monthly News Bulletin of the Division of Simplified Practice, of the Department of Commerce, will be printed on both sides of the paper. This is being done in the interest of economy and the elimination of waste in the use of paper. We take pleasure in complying with the request of the Chief Coordinator and hope the change will meet with the approval of the readers of the bulletin.

PUTTING IT INTO PRACTICE

By Ray M. Hudson, Chief, Division of Simplified Practice.

In FACTORY for May, 1926, nthere appeared "A Management Program for Today." It was based on replies by 17 well-known American corporations to FACTORY'S request for their views on the most important managerial problems of the day.

The six specific recommendations of this program are:

1. Control your inventories closely.
2. Increase your efforts to cut production costs.
3. Increase the effectiveness of your sales organization.
4. Keep close watch of general business conditions, through the study of business statistics.
5. Push simplification (Elimination of needless variety).
6. Budget your sales, production, and finances.

Obviously the full values of this program will be realized only as consistent effort is made to put it into practice. To the executive looking for a starting point, we suggest Simplified Practice.

For example, closer control of inventories begins with a closer study of their sources. When analysis of purchases shows too many different varieties of goods bought for a given purpose, requirements can often be condensed to the varieties most commonly used for that purpose. This eliminates the odd, special, or freak varieties that so often swell the inventory. In merchandising, study of varieties sold and relative demand for each segregates the "fast movers" from the slow, and by eliminating the latter, inventories may be cut down to the minimum quantity necessary to cover normal variations between demand and supply.

Lower unit costs in manufacturing result from concentration on the minimum consistent variety in sizes, models, types, grades, etc. Sales efforts are more effective when the sales force does not have to diffuse its energies over too wide a line. Sales managers sometimes forget that adding more lines to meet the other fellow's competition puts them into greater competition with themselves. Increasing the line from 5 models to 7 divides the salesman's effort over 7 items, each item thus receiving 14 per cent instead of 20 per cent of his attention. Usually the 2 new items get 50 per cent of his attention, thus cutting the time per item in the basic lines from 20 per cent to 10 per cent, - with consequent loss of business in those items not compensated for by the sales

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of the two new lines.

In eleven simplified lines, the average adherence is 82 per cent, i.e., 82 per cent of last year's output confermed to the sizes, etc., specified in the Simplified Practice Recommendations covering those lines. The executives of the industries manufacturing these lines have found that simplificatien helps cut down inventories, lewers production costs, increases sales, regularizes operation, and thus enables them to plan their sales, production, and financial programs more accurately. In other words, they have put to-day's management program into practice.

Any resolve, in itself however good, is not worth much until it is vitalized by action.

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Production costs, as reflected in increasing efficiency of mechanical equipment, are being reduced and at the same time are increasing profits and wages, according to Mr. John C. Howell, in the N.A.P.A. "Purchasor" for September, 1926. The cost of manufacture has always been a factor in commodity markets and through increased mechanical efficiency this factor has been moderated, even during the last year. There is no basis for believing that the peak of mechanical efficiency has been reached, but some evidence exists that this is tending to expansion in all lines of production, with the resultant steadying effect on commodity prices.

The Division of Simplified Practice believes simplification has been one of the important elements contributing to the increased mechanical efficieney in many industries.

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Among other resolutions passed at the Annual Meeting of the National Hardwood Lumber Association, which was held in Chicago, September 23 and 24, 1926, the following resolution is of interest -

RESOLVED, - That the National Hardwood Lumber Association takes the occasion of this annual meeting of its membership to reiterate its desire for continued cooperation with the Department of Commerce of the United States in its program of lumber standardization, as evidenced by the presentation to this convention, by its rules committee, of a system of hardwood lumber grading and measurement endorsed by the Hardwood Consulting Committee for approval of the Central Committee on Lumber Standards.

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As a result of a joint conference with manufacturers, distributors and users of wrought iron and wrought steel pipe, valves and fittings held at the Department of Commerce, on May 28, 1926, a simplified list of standard, extra heavy and double extra heavy pipe sizes, was recommended. Desiring to comply with the recommendation, a number of the manufacturers and distributors are cooperating in circularizing their customers to discourage the call for sizes not in the simplified line.

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Simplified Practice Recommendation No. 58, covering a report of the National Committee on Metals Utilization on the classification of iron and steel scrap, has just been issued by the Department of Commerce. This recommendation became effective July 1, 1926, and copies may be obtained through the Superintendent of Documents, Government Printing Office, at a price of 10 cents per copy.

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"Eliminating Waste in Office Management" by John Mitchell, Director of the Bureau of Methods, The General Electric Co., is the subject of a bulletin of the Kardex Institute, of October 25, 1926. Every clerk in the average office is busy all day; yet an analysis of the work performed would show that the average office is less than 60 per cent efficient, according to Mr. Mitchell. This bulletin outlines methods for the elimination of waste in personnel, planning the work, office appliances and equipment, stationery and office supplies, printed forms, telephone and telegraph expense, reports, and office functions.

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At the revision conference held September 29, to consider the modification of Simplified Practice Recommendation No. 24 for Hospital Beds, it developed that, based on a recent survey, there was an adherence of 70 per cent to the standard sizes and 30 per cent of the purchases were still confined to the odd sizes. The Standing Committee has decided to make no changes and the recommendation has been reaffirmed for another year.

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"Trade associations in America are now emerging into a remarkable creative era" says the editor of "Advertising and Selling". It is evident, in many instances, that the use of such cooperative effort in a creative way reacts to the benefit of the industry as a whole. As an example, he cites the recent action of the lighting fixture manufacturers. Their new procedure calls for a remarkably thorough housecleaning; codes of ethics; higher standards of manufacture; united educational effort; broadening of consumption and enlightenment of both trade and consumer.

It is the firm conviction of the Division of Simplified Practice that simplification and standardization are two of the most effective avenues through which trade associations can achieve these results.

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A certain chain store found that 80 per cent of their total sales was done in less than 800 articles. By cutting out the slow-moving items and pushing the sale of the fast sellers, stock-turn was speeded up, and larger net profits were made on a smaller investment in stock. One individual hardware merchant first disposed of the slow-moving lines, then made sure that he did not buy them again. By concentrating his sales effort on articles which he knew were good sellers and profitable ones, he even achieved a larger sales volume. By simplifying his stock this dealer claimed 15 distinct advantages had been realized as follows: (1) faster stock-turn, (2) smaller investment, (3) larger profit on smaller investment, (4) saves labor, (5) makes stock-taking easier, (6) makes stock-keeping simpler, (7) saves interest on investment, (8) customers can make selections quicker from less variety, (9) allows more space to display

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more profitable lines, (10) lessens your fire risk, (11) saves insurance, (12) saves government taxes because it is no longer an asset upon which you pay taxes, (13) saves rent because of less space, (14) saves fixture space and (15) saves fixture investment. "Too often buying is simply a matter of habit instead of carefully planned replenishment of stock based on actual need for goods that can be sold at a profit", the Hardware Survey says. Accurate records of sales by lines are a valuable guide in buying.

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A further reduction of over 1000 loaded shell combinations was approved by the Standing Committee of the industry, at a revision conference held October 19, to consider the modification of Simplified Practice Recommendation No. 31 for loaded shells. The trade is now being circularized for acceptances.

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A General Conference of manufacturers, distributors and users of metallic cartridges, was held under the auspices of the Division of Simplified Practice, on October 19. A simplified practice recommendation was developed, reducing the items from 348 combinations to 256, a reduction of 26%.

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Forbes magazine for October 15, carries an announcement of the creation of the National Electrical Manufacturers' Association, an organization consisting of 270 leading electrical manufacturers with a gross annual business exceeding $1,500,000,000. The new organization, with Gerard Swope, President of the General Electric Company, as President, was formed by the merger of the Electric Power Club, The Associated Manufacturers of Electrical Supplies and the Electrical Manufacturers' Council. J. W. Perry, Vice President of the Johns-Manville Company, Inc., was made Treasurer.

The general purpose of the new association is to advance the art of manufacturing adequate and reliable electrical equipment, and to standardize electrical apparatus.

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Simplified Practice Recommendation Nos. 28, for Sheet Steel; No. 29 for Eaves Trough and Conductor Pipe; and No. 30 for Terne Plate, have been reaffirmed by the Standing Committees representing these industries. A survey made by the committees developed the fact that there was an adherence of approximately 95% covering Terne Plate and Eaves Trough and Conductor Pipe; also about 90% adherence to the recommendation for sheet steel. The adherence to the 28 gauge Roofing has increased about 5% over last year.

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A conference on Market Research, sponsored by the United States Department of Commerce, was held in Washington on October 29, 1926, to discuss and adopt a priority list of fundamental research projects in the field of marketing which have common interest and value for everybody engaged in the field of market research, and to discuss and adopt, if possible, the ways and means of accom-

plishing these studies. Hon. J. Walter Drake, Assistant Secretary of Commerce, presided and outlined the purposes of the conference. Over 100 business, professional and Government officials were in attendance. A report of the proceedings and conclusions of this conference can be obtained upon request to the Domestic Commerce Division of the Department of Commerce.

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"How Standardization Lifted Our Product Out of Its Class" is the story of a concern that started as a fur dyer, as told in a recent issue of "Printers' Ink". By setting standards for dyeing processes, inspection, etc., this company built up confidence in a field which, according to this article, had no standardization program to speak of up to that time.

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A new simplified practice program covering sizes of binder board will go into effect April 1, 1927, as a result of the general conference of manufacturers, distributors and users, held at the Department of Commerce, on October 22. It was recommended that but five sizes be made for stocks, in any thicknesses required. These will replace the 718 sizes now being made. The proposed reduction would amount to 99.3%. Acceptances are now being received by the Division of Simplified Practice.

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A representative group of producers of flashlight cases having manifested to the Department of Commerce a desire to eliminate the immaterial differences found in present practice, the National Committee on Metals Utilization called a preliminary conference of manufacturers on October 27, to consider the practicability of applying the principles of simplified practice to their commodity. A committee was appointed to make a survey that will make possible the drafting of a tentative recommendation which could be modified and constructively revised by a general conference of all interests, at a subsequent date. The immediate goal of this committee's effort is a reduction in the present variety of sizes, types, dimensions and immaterial differences that characterize flashlights.

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The American Marine Standards Committee has submitted to its membership, and others interested both here and abroad, the first and tentative report of its special committee on Stability and Loading of Ships, inviting critical comments.

A number of proposed marine standards are now before the membership, and several were adopted by the Executive Board at meeting of November 13.

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On page 2 of our Monthly News Bulletin No. 19, for October 15, the platform for industrial distributors as proposed by "Industrial Merchandising" was quoted. The Division of Simplified Practice has been called to account for printing this platform in a Government Document. Out chief interest, of course, centered around plank No. 9 of the platform, which proposed that distributors "cooperate with the simplification program of the Department of Commerce". This platform was quoted with the idea in mind that it would be of interest to the readers of the bulletin. It should not be construed, however, as an endorsement

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by the Department of Commerce of any of the items in the platform, except No. 9, which bears directly on the work of this Division.

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In connection with Management Week which was held between October 25 and 30, "Factory" for October, 1926, prepared a score sheet to facilitate waste-elimination check-ups in the plants of its readers. The list of 20 possibilities for the cutting down of waste in the industrial plant, is as follows: (1) unnecessary sizes, varieties, types; (2) booms and slumps; (3) seasonal variations; (4) lack of coordination between factory and sales; (5) inadequate executive control; (6) inadequate planning; (7) inadequate cost control; (8) inefficient organization; (9) obsolete plant equipment; (10) inefficient use of space; (11) lack of production flow; (12) inefficient use of power; (13) the hidden cost of handling materials; (14) inadequate lighting; (15) unscientific purchasing; (16) excessive inventories; (17) excessive consumption of time; (18) excessive labor turnover; (19) accidents; (20) spoilage and unreclaimed scrap.

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The following item is quoted from the November copy of "Detroit Purchaser", under the heading "A Hint for Standardization": "It is a noticeable fact that bumpers attached to automobiles are at various heights from the ground, and of various widths. Apparently no two bumper manufacturers have ever thought of making bumpers a standard width. As a result, when cars are parked parallel to the curb, a front bumper is very apt to lock into the rear bumper of the car ahead. We believe a standard should be set so that all bumpers will be at an even height from the pavement and of standard widths."

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The Commercial Intelligence Division of the Bureau of Foreign and Domestic Commerce is one of the most frequently used divisions in the Department of Commerce. The functions of this Division are to gather together and disseminate information respecting foreign business concerns for Bureau clients. This information is received from the foreign field staff of the Bureau and American consular representatives, a combined working force of approximately 1,000 trained men located in the trade centers of the world. The information is received daily in the Commercial Intelligence Division, carded and filed, and made available to the various industries on request.

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The American Railway Engineering Association has not only endorsed but has included in its Manual of Recommended Practice all provisions of the American Standards for Softwood Yard, Factory and Structural Lumber, and has gone further by coding and coordinating the standard sizes and grades in order to make it easy for railway engineers to use standard lumber of the proper size and grade for each important railway engineering use.

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At the General Conference held in the Department of Commerce, on September 1, 1926, to consider the recommendation for a simplified list of Vitreous China Plumbing Fixtures, the Manufacturers' Advisory Committee adopted a resolution to the effect that "The value of this simplification, not only to the industry as represented by the manufacturers, but to the distributors of the ware and to the consuming public, has already been demonstrated to so great an extent as to promise incalculable economies in the years to come."

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October 30, 1923, marked the close of the most successful Management Week in the history of the movement. Started in 1922, this annual program devoted to the development of better management and the elimination of waste has shown a steady growth both in total attendance and in interest shown.

Of more than one hundred cities in which local committees were organized, 36 have already sent their final reports to the Secretary of the National Committee, who was Mr. Ray M. Hudson, Chief of the Division of Simplified Practice, Department of Commerce. With most of the Pacific Coast and many of the large eastern cities still to be heard from, the 130 meetings showed an aggregate attendance of more than 16,000. In addition, a series of radio talks sent out by the Pittsburgh Committee, over station KDKA, carried the Management Week message to an unknown number of listeners.

The local committees were asked for constructive criticism on this year's work and to suggest ways of improving future meetings. It is significant of the increased interest aroused that from a number of sources it is urged first, that permanent national and local organizations be set up and second, that there be issued a compilation of the addresses made in various cities, to serve as a body of reference on the various phases of scientific management. It has also been proposed that the National Committee prepare a handbook of facts and sources for the use of speakers.

Several correspondents who were unable to organize meetings in their respective cities this year secured satisfactory publicity in local newspapers, thereby preparing the ground for next year.

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"Sheet Steel Service" makes the following statement with reference to S.P.R. No. 3, Metal Lath: "The recent standardization adopted by metal lath manufacturers is proving of great value to the entire building industry, especially to the architect and the contractor."

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The committee appointed at the preliminary conference on Trap Screw Ferrules, whose function it is to make a survey of current practice with a view to framing a tentative Simplified Practice Recommendation to be submitted to a general conference, reports satisfactory progress. Upon the completion of this survey a conference of all interests will be convened for the purpose of framing a Simplified Practice Recommendation covering this commodity.

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At a recent convention of the Grinding Wheel Manufacturers Association of the United States and Canada, the committee on simplification and standardization reported that it proposes to maintain the value of the program adopted last spring (S.P.R. No. 45, Grinding Wheels). Those present also reported that the new standards had been almost universally approved, resulting in economies for all interests.

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All interests are showing a desire to continue their support of Simplified Practice Recommendation No. 36, Milling Cutters. A few constructive suggestions for further progress have been offered. These will be referred to the Sectional Committee of the A.E.S.C. under the sponsorship for Small Tools and Machine Tool Elements, which sponsorship is held jointly by the National Machine Tool Builders' Association, the Society of Automotive Engineers, and the American Society of Mechanical Engineers. The National Machine Tool Builders' Association is a member of the National Committee on Metals Utilization.

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The Radio Manufacturers' Association, being familiar with the results of standardization and simplification performed by the Division of Simplified Practice, at the initiative of Mr. E. V. Knight, Chairman of the Sub-Committee of Plywood and Veneer Manufacturers, have taken active steps to standardize wooden parts of radio cabinets. The most important effect of this standardization will be the speeding up of the manufacturing process, and greater security in regard to supplies because the lumber manufacturers will be in a position to work for stock.

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On November 10th, the National Committee on Wood Utilization assisted in the establishment of an association of small dimension lumber manufacturers. This association will be engaged chiefly in the standardization of the manufacture and grading of small dimension stock and will cooperate with the National Committee in standardizing the requirements of the consumers.

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CORRECTIONS

Paragraph 5 of Monthly News Bulletin No. 19 speaks of a questionnaire which was sent out by the National Association of Purchasing Agents. Instead, this should read - "a questionnaire was sent out by the Purchasing Agent Company, Inc." This has reference to a survey to reveal the extent to which Federal Master Specifications are known to and used by public and private buyers.

Last paragraph on page 3 of Monthly News Bulletin No. 19 refers to "Manufacturers' News" as being the official publication of the Illinois Manufacturers' Association. This publication, we learn, is not the official organ of the Illinois association and we are glad to make this correction at the suggestion of the editor.

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